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ABSTRACT

The first 5 years of South Carolina's 1984 Educational Improvement Act (EIA), a major educational reform program to deliver equal education opportunity and improve academic performance, are analyzed in this paper. A review of South Carolina's per-capita disposable income as compared with other states reveals an improvement in South Carolina's rank from 47th to 42nd during the 5-year period since the passage of the EIA, but South Carolina did not match neighboring southeast states in percent of growth and in disposable income through the year 1987. The fiscal capacities of individual school districts and of three specific districts 5 years after passage of the legislation are examined. Findings indicate that inequality is demonstrated by a discrepancy in the relationships between local and state support for Educational Finance Act programs. A disparity also exists between wealthy and poor districts in the amount of state aid received. Three tables are included. (31 endnotes) (LMI)

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# An Analysis of Five Years of the Education Improvement Act on the Fiscal Capacity of South Carolina Schools to Deliver Equal Education Opportunity

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A paper prepared for presentation at the annual meeting of the American Education Finance Association Williamsburg, Virginia, March 14-17, 1991

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Introduction

The General Assembly of South Carolina passed the Educational Improvement Act (EIA) in 1984, a massive educational reform program, which involved the chief state school officer in its drafting. It intended to strengthen teacher training, compensation and evaluation, the E.I.A. emphasized improved school leadership and management and increased community participation.[1] Further examination of the act found it allowed school districts flexibility in adhering to state regulations such as class size, scheduling, student-teacher ratio and curriculum, as well as emphasizing basic skills in teaching programs.[2]

The E.I.A. does not stand alone as the vehicle for attempting to improve the public schools of South Carolina, and the resources available to implement and operate the states 91 public school districts. In 1977 the General Assembly of South Carolina passed the Educational Finance Act (EFA). The purpose of the Act, according to its legislative historical background can be summarized in three words: adequacy, equality, and accountability.[3]

One of the major problems of any reform act is to measure whether the act is effectively or adequately funded. An analysis by Odden in 1985 as a means of measuring indicators of disparity in the priorities among various states for spending reform monies is an effective process for analysis of reform legislation comparing resources to expectations.

Applying Odden measure of needed resources to accomplish reform, (1985) one finds a disparity between the allocation of

funds for reform and the actual cost of delivering the education program. By applying Odden's estimates of needs to the reform act based on expenditures for 1984 it required 20 to 25 percent of the current expenditures to be adequately implemented. Using 1984 as the base year, an extra 25 billion dollars would have been needed to finance the enacted education reform legislation nationwide. A nationwide examination conducted by Flanigan et. al. 1989, found extra appropriations in the state which had passed reform legislation to fall far short of the required 20% needed to meet Odden's criteria. South Carolina was the only state to increase funding for the E.I.A. beyond the necessary 20% level.[1]

Purpose

A review of the literature of the school finance reform implemented during the 1970's and 1980's throughout the United States found most studies had been designed to reduce linkage between local wealth factors and ability to generate revenue for expenditures more equality for school districts on a per-pupil basis statewide. The overall objective was to decrease the disparities of resources available to expend for a child's education between the districts with less local capital wealth and districts with greater capital wealth and thus greater revenue for educational purposes with less effort on behalf of the local tax payer.

Several court decisions have addressed the issue of state responsibility for per-pupil expenditures for education. The

Serrano vs Priest ruling in 1971 is probably the most influential action, as it gained national publicity relating to school finance equalization.

One could only assume that other states viewed the Serrano decision, with much interest, as the case had lent greater meaning to a state's fiscal capacity. There are several approaches to looking at fiscal capacity the most common excepted educationally is the ability of the state and local school system to obtain revenues from their own sources through taxation.[5] A broad definition of fiscal capacity is a quantitative measure of economic resources within a governmental unit which can be used to support public functions. Relative capacity among state and localities is determined by dividing the measure of capacity by some unit such as per-capita or per-pupil expenditures. Traditionally, policy makers have relied on personal income and tax revenue as economic indications of capacity.[6]

A comparison of fiscal capacity among states using representative in tax systems also shows a narrowing gap between the richest and the poorest. Data available from Halsteads (1975) show Nevada has the highest capacity in the nation with 151 percent of the national average. With this representative-tax system, Mississippi has the lowest capacity, only 70 percent of the national average. Next is Main with 74 percent, South Carolina 77 percent, Alabama 78 percent, and Arkansas 78 percent. These five states, the lowest in per-capita personal income in 1975, remained the lowest in per-capita personal income according to figures for 1980.[7]

Equalization of educational opportunities hinges on the appropriate measurement of local taxpayers' abilities. The need to equalize the disparities in local capacity has long been recognized as a problem in financing public schools. In 1977 the General Assembly of South Carolina began to take steps to ameliorate the problem of disparities of property tax as it related to the financing the state's public elementary and secondary schools passing the Education Finance Act (EFA), 1977 the most comprehensive piece of legislation for public education to be enacted in South Carolina. Former Governor Dick Riley, a state senator at the time the E.F.A. was passed,observed:

> officials were scared that like similarities between Texas system of financing and South Carolina could lead to a suit in South Carolina. In 1973 the U.S. Supreme Court had declared Texas system of funding elementary and secondary schools failed to provide for an equal education.[8]

The Education Finance Act of 1977, designed to insure that every child in South Carolina public schools receives an education opportunity that meets state standards was enacted to effect School Finance Reform. It established a balance between the portion of the funds to be paid by the district collectively (approximately 30%) in support of the foundation program. The purpose of the act was threefold: adequacy, equality, and accountability. These were to be accomplished by providing each public school student an equal education opportunity in terms of financial support, and requiring each school district to report how these financial resources are used in providing education programs.

The E.F.A. had many factors that affected the school districts' resources. Cost factors called "weighting" are used to provide for relative cost differences between education programs. A determination of the amount of adequate and appropriate funding for all students is made. Therefore a single amount of financial support per pupil could not be used as the defined level of adequacy. The Act addressed the problems of students' needs by establishing a weighting system based on the needs of various programs in the state.

A standard program in the act was designated as the Defined Minimum Program, adopted and implemented by the South Carolina State Board of Education. While the Defined Minimum Program was not designed to be used as a programmatic cost document, the resulting cost was transcribed as $665 for the year 1974-75 per year for a student in grades four through eight.

To offset deterioration, the E.F.A. contained an automatic inflation adjustment clause. The level of funding needed to finance the Act precluded the program being financed completely from state general funds. As stipulated in the Act, 70% of the resources necessary for the program will be provided by the state; the remaining 30% will be provided through local resources. The only significant source of income for a local school district in South Carolina is through property taxes.

A review of the school year 1977-78 found the state's 10 richest school districts, in terms of taxable property per-pupil expenditure, had an average assessed value of $6,315.55 per pupil, compared to the ten poorest districts where the average

was $2,024.71 per pupil. In the 10 poorest districts a millage rate three times greater than that in the richest districts was required to raise an equal amount of revenue per pupil equivalent. As stipulated in the Act statewide, 30% of the cost of the program would be derived from local sources or $166,110,000 ($553,700,000 x 3). If a district has 5% of the states assessed valuation, its index of tax paying ability would be .05. This district would be required to provide 5% of the statewide local cost of the program or $8,305,500 ($166,110,000 x 5). In the example the district also has 5% of the states' weighted units or 35,000. The total cost of the program in the district would be $27,685,000 (35000 x 791). Under the design of the finance act the State would provide the difference between the total cost of the program and the required local support or $18,379,500 ($27,685,00 - $8,305,500).

The Act was designed to be implemented over a five year period. The phase-in of the act was established to provide each district the same dollar increase in funds each year of the phase in period plus providing for yearly inflationary adjustments. The concept allowed for full implementation of the program in the fifth year in equal dollar intervals plus inflation adjustment. Some districts would receive yearly a percentage increase in support greater than that in other districts since the stated funding level for each district varied in school year 1977-78 indicated the actual average base student cost was $607 with districts receiving funds from the E.F.A. varying from a district high of $814 to a low of $405.[9]

The E.F.A. program was to be funded through a partnership concept of state and local resources requirements based on the district's ability to pay. Provisions in the Act allowed the increase in local support to be spread over a longer period than the five year phase in period of the state program. The local support of a minimum of 5% in terms of real dollars resulted in a 5% increase plus the inflationary adjustment increase, or an increase in the millage rate for local support by two and one-half mills, State revenues would not proportionally reduced.

South Carolina Reform Act of 1984

Probably no state can boast that it funded its education reform Act as adequately and efficiently as the state of South Carolina. From research by Flanigan et. al. (1989), the 1984 South Carolina Education Improvement Act (EIA) provided the greatest percentage of increase of funding per-cent per-pupil in the nation. Resources for the E.I.A. were provided by the additional one percent sales and use tax that raised approximately $210,000,000 in 1984-85, its first year of implementation. The revenue generated from these sources was deposited in an account separate from the general fund of the state.[10]

The major goal of the E.I.A. is to improve academic performance by all of South Carolina public school students. The impact of the act is directed towards student test scores, drop out rates and college attendance. The key to the program rests with the teacher and principal: attracting and retaining

qualified dedicated individuals to fill the teaching positions in the state is crucial. The E.I.A. raises teachers' salaries to the southeastern average, establishes incentives programs, and funds programs for training and evaluating existing staff. A brief review of the legislation reveals the General Assembly attempted to address approximately 70 different facets of the South Carolina elementary and secondary education program when it passed the E.I.A. It would be impossible to attempt to review, let alone explore or examine, this act in one brief paper, the intent of this paper therefore is to:

A. Examine the financial status of the State of the South Carolina public elementary and secondary schools as they compare with the nation during 1984, the year the E.I.A. was passed.
   1. Per-Pupil Expenditures
   2. Teacher Salaries
   3. Expenditures per district as they relate to state resources, local expenditures, local capacity, local effort exerted.

B. Determine in 1989 after five years of the E.I.A. what the disparity in per pupil expenditures, local efforts, and local capacity is as compared to items in section A.

C. Determine whether or not the relationship between local fiscal capacity (in the property tax) wealth and its respective per-pupil revenue for education has increased

or diminished as it relates to the fiscal capacities of South Carolina?

D. To determine the status of the fiscal capacity of the citizens of South Carolina to local support for education (Has it increased or diminished during the five years after the enactment of the E.I.A.?)

E. To examine the action of the General Assembly as a factor in creating greater student per pupil expenditure (Have any actions of the General Assembly created greater or lesser financial disparity as measured by per-pupil expenditures?)

South Carolina 1983-84

The status of the South Carolina school system in 1983-84, prior to the passage of the E.I.A. had the following charestics. During the year 1983-84 the average teacher's salary in the United States was paid $21,935, increasing from the previous year $1,220, by a 5.9% increase. In the Southeast the average teacher's salary was $18,429, an increase of $880 or a 5% increase. The average teacher's salary in South Carolina was $17,384; the increase was $861, or a 5.2% increase.[11]

The ability of a state to provide service to its populous is directly related to the fiscal capacity of its population to provide the necessary resources in tax revenue. In 1983-84 the per capita income of the United States was $13,867 and in turn

was described as a base of 100 percent. The per-capita personal income in the Southeast states was $11,371 in 1984. Ranking these states together the percent of national average in 1984 was 86% of the national average. South Carolina's per-capita income in 1984 was $10,118, ranking 76% of the nation's average. Of the 12 states, only two southeastern states had less fiscal capacity to provide resources from per capita personal income during the 1974 year than South Carolina.[12]

If one measuring the fiscal effort, ie., total state and local current expenditures for public elementary and secondary education as a percent of the total personal income, is used to illustrate the praiseworthy of tax efforts made by South Carolina ranks near the top for these public schools.[13]

To determine what has happened since the implementation of the E.I.A. in 1984, it will be necessary to examine the initial year of implementation of the E.I.A. when the major source of new funding was dispersed into teacher's salary. In 1984-85 the average teacher's salary in the United States was $23,534, an increase of 7.3%. In the Southeastern states it was $20,199, an increase of 9.6%. In South Carolina it had increased on an average of $2,759 per teacher, for an increase in percentage of 15.9%

Looking at Local School Districts

In this brief article it would be impossible to examine all the facets of each school district. A more rational approach is the examination of two areas. First the data on the district

with the largest student population in 1983-84. A second area, the wealthiest and poorest school districts will also be addressed. Greenville District was the largest with an average daily membership (K-12) of 51.123 students.

The second examination districts will be those districts with the greatest total expenditure per-pupil and the district with the lowest expenditure per-pupil. The district with the highest current operating expenditure per-pupil in 1984 was Spartanburg #3 with $2,590.15. The district with the least expenditures for current operation expenses in 1984 was Anderson district #3 which had a per-pupil expenditure of $1,559.73, ranking it 92 and last in per-pupil expenditures.[14]

An examination of the original phase in of the E.F.A. should reveal little difference between the district expenditures after seven years. In 1984 the wealthiest district Spartanburg #3, spent $2,590.15 per-pupil in average attendance, the state median Georgetown district spent $2,059.98 and the low spending district $1,559.73. We find that the high spending district has 20.2% more to spend than the median district. In contrast we find the high spending district has $1.031 more to spend than the low spending district, Anderson #3 or approximate 60.2% of the purchasing power for education services.[15]

There is a need to examine what factor affects the funding level of South Carolina school districts. If state education money were distributed to compensate fully for local tax variations, funds to South Carolina's wealthiest district would have been distributed, resulting in a 31.8% decrease to the

state's wealthiest districts during the first year of the E.F.A. funding. In the same year had the distribution to compensate fully for local tax variations the poorest district would have received a 43.2% funding increase. After ten years of the E.F.A. an equitable split would require a 36.4% average cut to the richest district and a 42.6% increase to the poorest.[16]

One needs to examine how local school district are receiving state resources and what portion of the state budget. In 1984 school spending for public secondary and elementary education was about 850 million dollars, which represented 35.5% of the total state budget.[17] The E.I.A. has raised $1.16 billion through a penny sales tax through its first five years. The initial E.I.A. project called for $307 million to be placed in teachers' salaries, but it has required an expenditure for teachers' salaries of 468 million to complicate matters the fact the sales tax raised 100 million less than originally anticipated, during its first five years, meant less money was left for other E.I.A. projects.

A review of remarks by former State School Superintendent indicated spending all money through the Education Finance Act formula would force many wealthy districts to "raise taxes tremendously or cut programs."[18]

The General Assembly passage of Project 2000 a major phase in of the E.I.A. program created a series of programs. Certain programs may be one of the reasons creating some of the disproportionate in expenditures. Upon examination one finds that almost 7 million in grants were awarded to school districts

in 1988-89. Of the twelve wealthiest districts in the state, they received more than 2 million dollars in grants. The 41 districts with the least resources received 1.3 million in Target 2000 grants. A further breakdown found the wealthiest districts were awarded 46 grants totaling $1.1 million, 2nd level districts received 62 grants, totaling $2.0 million, 3rd level districts received 48 grants, totaling $.9 million, 4th level districts 48 grants $1.4 million and the poorest district 60 grants totaling $1.2 million. Further examination finds the wealthier districts have teams of grant writers while poor school districts do their grant writing while performing their other duties.[19]

The logical question is if the state has set a defined minimum program and embellished it with the E.I.A., why have districts not attempted to use local resources to reach the best possible financial position? An examination of the various methods school districts would serve to explain some of the variables local school districts are presently working with when it comes to generating local education resources. Thirty-three school districts, including 19 of the state's poorest must have their annual budgets and tax rates approved by the county council or legislative delegation or by vote of a town meeting, the school board association survey shows. Thirteen districts can set their own millage levels and the county board of education in Bamberg and Spartanburg control the tax level in the nine districts. The remaining 30 districts have some limited authorities to raise local tax for school operation ranging from no more than 3 mills every two years in Laurens County districts

to up to 12 mills annually in two of Orangeburg County's eight districts.[20] Ten counties allocate money based on the ratio of students to their 42 constituent districts based on the ratio of students in each district instead of the property tax revenue produced. The system helps compensate for differences in wealth that sometimes result only from a district location within the county.[21]

A Look at 3 Select School Districts 5 Years After E.I.A.

Greenville School District

A look at the resources available to Greenville School District in 1983-84, the year of the enactment of E.I.A., showed Greenville County per-capita personal income was $10,004, ranking it second in the state of South Carolina. Statewide the median income was $7,543 which represented an increase of 15.6% over the preceding two years.[22]

During the 1983-84 school year, Greenville school district (K-12) had an average daily membership of 52.123 students, 9,769 students larger than the nearest school district in size. The median district size statewide was 3,665 students. During the same year 6,232 students in Greenville school district area chose to attend a private, special or denominational school, which meant that 10.9% of the school age children in the district chose to attend the public schools. Statewide 6.3% of the school age children attended schools other than the public schools.

The teaching salary for a beginning teacher in 1983-84 with a Bachelors Degree and no experience was $12,758 which ranked the

district 37th for the state; the state district median was $12,608. The average annual total salary for all classes of teachers was $17,815, ranking the district 26th with a state median salary of $16,831. The revenue received from local sources for operating per-pupil was $938.95, ranking it 24th statewide; the state median was $772.60. Resources received from the state per-pupil, in average daily membership, was $912.78, ranking the district 83rd, with a state median distribution at $1,089.40. The district received $182.72 per student from federal sources ranking it 78th statewide; the state district median was $304.98. The combined resources for operating funds was $2,034.47 per-pupil in average daily membership, ranking the district 73rd; the state district median was $2,158.16. A review of revenue received from local sources increase was 27.4%, an increase from 1983 to 1984, ranking the increase 9th statewide from local sources, with a statewide district median of 8.6%.

Greenville District received resources from the state of South Carolina for operating funds which had increased 8.9% over the year 1983 to 1984 for a 38th statewide ranking; the state district median was 7.4. The total increase of total funds to the Greenville District was $11,074,521 for a percentage change of a positive 12.3%, or a statewide ranking of 25th in yearly increased the district median statewide was 9.1.

A logical question is how does the per-pupil expenditures which were ranked 73rd statewide with the basic wealth of the Greenville school district (fiscal capacity) per-pupil change five years after passage of the E.I.A. The district has a wealth

per-pupil of $10,273 ranking it 9th statewide. This compares to a state district median of $6,119. The district taxation was 67th from the top district; the state district means was 80.67 mills for operating expenses. Summarizing local tax effort one finds Greenville District's ability index at .10669, its equalized revenue at $39,540,285, and its tax effort at .942, which ranks the largest population of students in one school district receiving resources at 56 in total local effort. In total operating expenses in 1983-84, one finds the Greenville District able to spend from current operating expenses per-pupil, in average daily membership, $1,931.30, ranking it 78th statewide. The state district median was $2,059.98. The district spent $471.81 for current operating expenses during the year, ranking the district 79th; the state district median was $531.88.

These figures raise the same question after the passage of the E.I.A. and its amended legislation: How does one find Greenville District? A review of the per-capita personal income in 1989, five years later, one reveals Greenville County had slipped from number 2 statewide, five years earlier, to number 3 with a per-capita income of $14,198, while the state county median was $10,517 for the year.

Teachers' salaries for zero years experience and a Bachelor's Degree was $17,781, ranking the district 48th. The state minimum was $17,172, while the district median was $17,820. The average total contracted salary for a classroom teacher was $25,460, ranking the district 28th. The state average was

$25,185, and the district median was $24,483.

During the last 10 years (1979 to 1989) Greenville District had a decrease in student population of -3.004 or a 5.4% loss; the state had a 5.4% loss statewide during the same 10 year period.

Greenville District

| | 1983-84 Ranking | | 1988-89 Ranking | |
|---|---|---|---|---|
| Public school student population | 52,123 | 1 | 50.813 | 1 |
| Average district size | 3,665 | X | 3.709 | X |
| Total weighted membership for all EFA classification | 62.164 | 1 | 61.547 | 1 |
| | | | | |
| Revenue Local Sources | 938.95 | 24 | 1349.21 | 26 |
| Revenue State Sources | 912.78 | 83 | 1825.11 | 79 |
| Revenue Federal Source | 182.72 | 78 | 240.15 | 77 |
| Total Revenue ADM | 2,034.47 | 73 | 3,414.48 | 58 |
| | | | | |
| Wealth per student | 10.273 | 9 | 146.14 | 13 |
| Tax levy in mills (current operational) | 67.40 mills | 67 | 79.40 mills | 85 |
| Local tax ability by district | .10669 | X | .09627 | X |
| Tax effort | .942 | 56 | .070 | 77 |
| Current operating expenses in ADM | 1,931.30 | 78 | 3,303.35 | 63 |
| Per-pupil fringe benefits | | | 514.61 | 19 |

Table 1

Ranking of South Carolina Counties and School Districts 1983-84, 1988, 1990; South Carolina Department of Education, Columbia, SC.[23]

A review of the data of the Greenville school district five years after the E.I.A. finds that the state's largest school district is one of the state's wealthiest but has made little or no change. Probably one of the most noticeable discrepancies is that Greenville makes much less local effort after E.I.A. than it did five years earlier. Greenville school district's local effort decreased from a rank of 56th to the 77th after five years.

If the state of South Carolina was to distribute to all school districts to compensate fully for differences in local wealth, Greenville district would find that state funds of 89.7 million would be an adjusted allocation to 63.1 million, a net minus reduction of 26.7 million.[24]

Spartanburg School District #3

The school district which was able to spend the largest amount of current operating expenditures per-pupil in average daily membership, in 1983-84 was Spartanburg #3, which spent $2,590.15 per student in average daily membership (A.D.M.), ranking it number one in student spending during the year. The district median was $2,059.98. Spartanburg #3 had an A.D.M. of 3,314 students, and was able to expend the greatest amount of resources for instructional expenses $1,404.48; the district median was $1,115.57 for the year. The per-capita income for Spartanburg county was $9,132 per-capita personal income in 1983, ranking the county 7th statewide with a county median of $7,543.

The question is where did Spartanburg #3 school district get its resources A.D.M. revenue per-pupil? Local revenue was $1,879.11, while the state district median was $722 per A.D.M. per student. While the district which spent the largest amount of revenue was making the greatest effort locally in the state, it was receiving $796.09 per student A.D.M. in state sources ranking it 88th. The state average was $1,005.79 per-pupil A.D.M. Federal sources provided the district $233.78 per student A.D.M. for a ranking of 63rd; the state district median was $304.98.

The total revenue for operating funds received per-pupil in A.D.M. from all sources 1983-84 was $2,908.97 per-pupil for Spartanburg #3. This is compared to a state district mean of $2,158.16.

Spartanburg District #3

| | 1983-84 Ranking | | 1988-89 Ranking | |
|---|---|---|---|---|
| Student Population | 3,314 | | 3,132 | |
| | | | | |
| Revenue Local Sources | 1,879.11 | 1 | 2,219.51 | 5 |
| Revenue State Sources | 796.09 | 88 | 1,884.89 | 76 |
| Revenue Federal Sources | 233.78 | 63 | 345.80 | 49 |
| Total Revenue | 2,908.97 | 1 | 4,450.21 | 5 |
| | | | | |
| Wealth Per Student | 11,518.00 | 6 | 13,936.00 | 16 |
| Tax Levy in Mills (current operating) | 104.80 | 10 | 118.00 | 16 |
| Ability Index | .00795 | X | 1.591 | 9 |
| Tax Effort | 1.696 | 3 | .00563 | 9 |
| Current Operating expenses ADM | 2,590.15 | 1 | 4,431.35 | 3 |
| Fringe Benefits per-pupil | X | X | 604.94 | 2 |

Table 2

Ranking South Carolina Counties and School Districts 1983-84 - 1988 - 1990; South Carolina Department of Education.

Anderson School District #3

Reviewing the district which spent the least amount per-pupil A.D.M. in 1983-84, Anderson district #3 ranked 92th with the expenditure of $1,559.73 per year. The district had 2,404 students during the 1983-84 school year, which was below the average state mean size of 3,665 students.

Anderson not only had the lowest student expenditure, it levied 42.00 mills ranking the district 91st. In contrast, the wealth per-student ranked the district 32nd. State sources

provided $962.42 per student, ranking the district 76th, while the state district median was $1,089.40. From local resources the district raised $962.42 per student, ranking the district 76th while the median state district raised $1,089.40.

The per-capita income of Anderson county was $8,228, ranking the county 14th with a mean income statewide of $7,543. The expenditures for students in 1983-84 were $1,559.13, ranking the district 92nd. Five years later the expenditures were $3,132.90, or a ranking statewide of 78th where the district mean was $3,441.34. Anderson district #3 expends $435.80 per pupil A.D.M., a cost turned over to the district during the five years implementation of the E.I.A.

Anderson District #3

| | 1983-84 Ranking | | 1988-89 Ranking | |
|---|---|---|---|---|
| Population A.D.M. | 2404 | 61 | 2,356 | 62 |
| Income Per-Capita | 8228 | 14 | 11,876 | 16 |
| Local Resources | 662.43 | 54 | 655.85 | 69 |
| State Revenue A.D.M. | 962.42 | 76 | 2,277.00 | 55 |
| Federal Resources | 149.00 | 86 | 252.63 | 73 |
| Total Revenue | 1,559.73 | 92 | 3,132.90 | 78 |
| | | | | |
| Assessed Valuation Per-Pupil A.D.M. | 7013 | 31 | 9.215 | 34 |
| | | | | |
| Wealth Per-Student | 7258 | 32 | 9117 | 39 |
| Local Tax Levy In Mills | .765 | 82 | .784 | 87 |
| Ability | .00364 | X | .00280 | X |
| Tax Effort | .765 | 82 | .784 | 87 |
| Tax Levy In Mills | 42.00 | 91 | 70.70 | 90 |
| Current Operation Expense per A.D.M. | 1,559.13 | 92 | 3,132.90 | 78 |
| Fringe Benefit Per-Pupil A.D.M. | XXX | XXX | 4,335.80 | 75 |

Table 3

Ranking of South Carolina Counties and School Districts 1983-84 - 1988 - 1990; South Carolina Department of Education.

What are the results of the E.I.A. in South Carolina after the first five years? The base student cost is the funding level determined to be necessary to provide the define minimum program. The base student cost (BSC) for 1989-90 was $1,467.19; this amount compares to the $1,205.79 spent per student in 1983-84 from state sources for the Defined Minimum Program (D.M.P.).

The E.I.A. had a provision to guard against school districts reducing their existing financial efforts. This provision required that each school district increase its local tax effort on a per-pupil basis by not less than the annual inflation factor. The act further required districts to maintain the local salary supplement above the required state minimum salary paid to certified employees.[25]

Before comparing expenditures over the five year period, one must consider that the E.I.A. in the 1989-90 budget contained 27 different budget items, both large and small ticket items from a small item of $5,000 for High School Exit Exam to $93,790,860 for Teacher Salaries. The majority of the line items did not appear in the 1983-84 state budget.

Findings

A review of South Carolina's per-capita disposable income as compared with other states in the nation during the five year period since the passage of E.I.A. reveals an improvement in South Carolina's rank from 47th to 42nd. Comparing South Carolina with its southeast neighbor states, we find it did not match those states in percent of growth, in disposable income through the year 1987. The southeast states grew at a 10.5% increase; South Carolina grew at a 10.3% increase. There was a change in 1988-89 when South Carolina's disposable personal income exceeded the southeastern average with a growth factor of 8.5%. The southeast was 8.3% and the nation as a whole grew at a rate of 7.9%. During the five year period of the E.I.A. South

Carolina's per-capita disposable personal income as compared to that of other states changed little as it remained at 77.7% of the total per-capita disposable personal income in the United States.[26]

What has happened to the school districts since the passage of E.I.A.? Probably the most feasible approach to this question is to review two counties: Hampton and Spartanburg. Hampton County pays the highest property tax in South Carolina for school operations. A review of the programs which Hampton County and its two districts have reveals they offer more than the minimum education program available to students as required by state law. Hampton School District #2 which levies 214 mills was the highest millage rate for schools in the state in 1988-89. By contrast taxpayers in Spartanburg County pay heavily to finance their seven school districts; in contrast to Hampton County, the results are quite different. The districts' education programs are comprehensive academic programs available to all its students. Spartanburg districts are also able to pay their teachers some of the state's highest salaries.

The difference in the two counties results from the appraised value of the property. The mill is applied equally to property value. In South Carolina a tax mill costs the property owner the same regardless of location. But because of the higher total assessment in Spartanburg, a mill may raise anywhere from twice as much to 17 times the revenue a mill will generate in Hampton.[27]

A further review of changes during the five-year period

finds the state's General Assembly and Department of Education have shifted the financial responsibilities of approximately 70 new programs to the districts to implement and administrate. One of the major problems has been the shift of employee contribution fringe benefits from the state's to the local district's responsibilities. A major problem created by the E.I.A. was the various incentive programs. A brief review finds at least eight programs listed in the 1988-89 budget as incentive-type grant programs.[28] This type of legislation creates a built-in disparity program because it is of a competitive nature. Districts with resources are able to employ specialists to assist grant-writing and staff members with grant development making it more advantageous for the districts able to employ specialists in obtaining state grants and incentive money.

A review of the eight wealthiest districts in South Carolina finds they contain one-fifth of the state's students and thirty-five percent of the assessed property value. In contrast, the 41 poorest school districts contain one-fifth of the students and 10.4 percent of the assessed property wealth. A further analogy finds the state's richest districts still receive almost three-fourths as much state money for each student as the poorest ones provided by the E.F.A. and E.IA., combined with other programs, or $1,254 to $1,760 during the year 1988-89.[29] The nine wealthiest districts also received about three-fourth as much state aid per student as the 37 poorest ones for the year prior to E.I.A. adoption (1983-84), $880 to $1,135. Comparing district tax base, one finds the richest had 29.2% and the poorest had

12.2%.

Inequality is revealed when we review the figures and find the state's largest district is making the 78th effort locally and has decreased its local effort -17.85% from that of the previous ten years. Finding the largest district contains over 8.2% of the state's total student population and its wealth per student ranked 13th in 1989-90, we note a decreasing local effort when we find there has been little change in student population numbers. In comparison, Greenville district was making the 53rd greatest effort statewide when the E.I.A. was passed and five years later making the 78th effort. Has the wealth of the district changes? It has decreased from the 9th to the 11th wealthiest district of assessed valuation per-pupil in average daily membership in the state of South Carolina over the past five years.[30]

In conclusion the clearest example of inequality shows a discrepancy in the relationships between local and state support for funding E.F.A. programs. The greater the state share percent the less local funds are needed to meet the required basic student programs mandated by the state. The statewide intended ratio is 30% local and 70% state (30/70) E.F.A.

The state of South Carolina's largest district Greenville in (1989-90) has a 65/35 ratio. The state of South Carolina's poorest school district in 1983-84 Anderson #3 (1989-90) has a 77/23 ratio. The state of South Carolina's wealthiest district in 1983-84 Spartanburg #3 (1989-90) has a 67/33 ratio.[31]

## Endnotes

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[17] "State districts say more state mandates, less funding has them caught in Vice Charles Williams." Greenville News Monday Sept. 3, 1990, p. 6A.

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[30] Ibid.

[31] "School Finance Survey Office Corporative Data for Budget Planning," South Carolina School Board Journal, Columbia, SC, Jan. 1991, pp. 9-12.